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**Top Secret 219**

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NATIONAL INTELLIGENCE DAILY CABLE

Thursday 29 September 1977

CG NIDC 77/227C

**NATIONAL SECURITY INFORMATION**

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State Dept. review completed

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National Intelligence Daily Cable for Thursday, 29 September 1977.

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The NID Cable is for the purpose of informing senior US officials.

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ISRAEL: Gush Settlement Attempts

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[ ] Prime Minister Begin had several motives in using Israeli troops yesterday to turn back Gush Emunim militants attempting to establish unauthorized West Bank settlements. Begin apparently was seeking to demonstrate to the US a readiness to head off actions that could complicate the Arab-Israeli negotiation process; preserve his own control over settlement affairs; and assert his authority with the Gush and its cabinet allies, especially the National Religious Party's hawkish youth wing.

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[ ] Begin agrees philosophically with the Gush's belief that Jews should be allowed to settle anywhere they want on the West Bank, but he clearly is determined to control the timing and placement of new settlements there. In an attempt to retain the support of the Gush leadership--which opposed the militants' defiance of the government--Begin reportedly has agreed to authorize the establishment of several new Gush settlements during the next couple of months.

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[ ] It is not clear whether these settlements are among the 11 the Gush has been pressing the government to approve. According to one report, the new settlements will be located within Israeli Army camps rather than in Arab-populated areas.

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[ ] Begin probably hopes that this compromise will be seen by the US as necessary to preserve harmony in his coalition. He probably also anticipates that the compromise will gain him at least a brief respite from Gush pressure for more settlements and time to gauge the prospects for progress on the negotiating front. [ ]

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LEBANON-ISRAEL: Status Report

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[ ] The cease-fire in southern Lebanon continues to be observed by both sides, although not without incident. By withdrawing their forces from southern Lebanon, the Israelis have had to accept a setback to their efforts to disrupt the implementation of the Shaturah cease-fire accord. To mask this reverse and leave some room for maneuver, however, they are likely to continue to insist that certain conditions be met in exchange for their cooperation.

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[REDACTED] //At a minimum, the Israelis probably will demand that no reprisals be taken against their Christian allies and that the "good fence" program at the border remain in operation. In addition, they are likely to keep pressing for a more extensive withdrawal of Palestinian forces from southern Lebanon than is required under the Shaturah agreement.//

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[REDACTED] //Should the Palestinians blatantly violate the present cease-fire, the Israelis would be likely to respond in force. In fact, they will be tempted to retaliate in kind if Palestinian rejectionists continue the sporadic rocket attacks on settlements in northern Israel that have occurred since the cease-fire announcement.//

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CANADA: Alberta Gas Exports

25X1 [ ] //Alberta Premier Lougheed is publicly linking approval of increased natural gas exports to the US with US tariff concessions on the province's agricultural and petrochemical products. His stand could renew the skirmishing that has characterized Canadian federal-provincial relations in the last few years.//

25X1 [ ] //According to a provincial official, Alberta wants equalization of tariffs on processed beef, free trade in live cattle, and elimination of duties on various oil seeds such as rapeseed and linseed. Lougheed also hopes the US market will push for products from the province's massive petrochemical development program. A chemical industry official indicated that Alberta will push for duty-free access for several key products, including chlorine, caustic soda, and vinyl chloride.//

25X1 [ ] //The linkage between Canadian gas exports and US tariff concessions was first made last year in a private talk between Lougheed and US Ambassador Enders. At that time, Lougheed was willing to offer assurances on gas supplies when existing long-term export contracts begin expiring in the late 1980s. He wanted bilateral US-Canadian negotiations because Ottawa, in his view, was not taking provincial interests into account at the multilateral trade talks in Geneva.//

25X1 [ ] //Lougheed's decision to go public is closely tied to the recent signing of the Alcan pipeline agreement. Boosting gas exports is not part of the accord, but the agreement clears the way for such a move. Expansion of existing pipelines in Alberta--which would later be incorporated into the Alcan systems--would allow a 20- to 30-percent increase in Canadian gas exports starting in 1979. The gas would be repaid with Alaskan gas when the Alcan pipeline begins operating in 1983.//

25X1 [ ] //Lougheed sees his action as a way of promoting regional economic interests. Under his leadership, the western provinces have recently been pressing Ottawa to remedy long-standing inequities in transportation, industrial development, and tariff policy. They believe that western Canada can now deal with Ottawa from a position of strength because of its extensive energy and mineral resources. [ ]

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CAMBODIA-CHINA: Pol Pot's Visit

25X1 [ ] //Cambodian Prime Minister Pol Pot's current visit to China, his first known trip outside Cambodia since the Communist takeover in April 1975, marks his reemergence after a year's absence from his government post, ostensibly because of ill health. It is also the public debut of the Khmer Communist Party. For China, the trip is a small victory for its efforts to draw the reclusive Cambodians into contact with the outside world.//

25X1 [ ] //Deputy Prime Minister for Foreign Affairs Ieng Sary has made several diplomatic forays, but Pol Pot has remained in the background, infrequently mentioned in the Cambodian media and rarely appearing in public. For the past year, Assembly Chairman Nuon Chea has been the acting prime minister, although recent reports from defectors indicate that Pol Pot has been active in party affairs during the past six months.//

25X1 [ ] //The communique announcing the visit was Cambodia's first public acknowledgment of Pol Pot's position as Secretary of the Central Committee of the Cambodian Communist Party--and its first public admission that the party exists.//

25X1 [ ] //Pol Pot's trip should end the debate about his identity. Most observers are convinced that he and Saloth Sar--who was identified during the war as Secretary General of the party but was not heard of again--are one and the same, and that Pol Pot was a wartime alias that the man has chosen to keep.//

25X1 [ ] //The Communists' motivation for going public at this time is unclear, although the China trip coincides with their announcement of the anniversary of the founding of the Cambodian Communist movement on 29 September 1960.//

25X1 [ ] //While the Khmer have emphasized the uniqueness of their "organization" as proof of their national independence and self-sufficiency, their unwillingness to admit their Communist identity masked a basic sense of insecurity. Their complete reshaping of Khmer society and the apparent purge of distrusted elements from the party may have instilled enough confidence in the party leaders to allow the party to break out of its relative obscurity.//

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[REDACTED] China has been the regime's closest ally and main source of assistance from the start, and it is natural that a campaign for greater exposure should begin in Peking.//

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[REDACTED] //The Chinese may well attempt to explore Pol Pot's views on Cambodia's border problems with Vietnam and Thailand. Peking has tried since 1975 to persuade Phnom Penh to develop good relations with its neighbors, reasoning that stability there reduces the prospects for involvement by Moscow.//

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[REDACTED] /The Chinese and Cambodians will also review China's extensive assistance program, which includes advice and material assistance to Cambodia's agriculture, small-scale industry, armed forces, and medical services. [REDACTED]

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#### USSR-ISRAEL: Cautious Contacts

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[REDACTED] *The USSR is trying to stimulate Israeli hopes for a more balanced Soviet approach to Arab-Israeli issues. Soviet-Israeli contacts thus far do not seem to presage an early renewal of diplomatic relations, which were broken in the wake of the 1967 Middle East war. Rather, the contacts represent an attempt by Moscow to improve its prospects for becoming an intermediary between the Israelis and Arabs.*

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[REDACTED] In the past few weeks, Israeli delegations have been participating in international meetings in the USSR. Israeli publishers at the International Book Fair in Moscow earlier this month were treated correctly, and an Israeli chemical group met with a similar response. Israel will also be represented next month at a UNESCO meeting in the USSR on the subject of environmental education.

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[redacted] While contacts of this kind offer advantages for both sides, the USSR does not appear ready for the reopening of an Israeli embassy in Moscow. The Soviets presumably fear that an Israeli diplomatic presence in the USSR would become a focal point for dissidents and demonstrations and that it would assume a special role with regard to Soviet and world Jewry. The USSR would probably demand strong guarantees on Israeli behavior--demands that Israel would certainly find unacceptable.

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[redacted] The Israelis so far have shown no sign that they are convinced the Soviets have changed their pro-Arab policy. They presumably believe, however, that any contacts with Moscow could complicate Soviet-Arab relations by spreading distrust among the Arabs concerning the degree and dependability of Soviet support. [redacted]

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WESTERN EUROPE: MBFR Talks

*[redacted] //The East-West force reductions talks in Vienna will resume today or tomorrow after a two-month recess. Early movement in the negotiations is unlikely because of continuing differences over data on manpower in the force reduction area.//*

*[redacted] //The discussions have been stalled over the question of the numerical relationship between the forces of the two sides. Western estimates indicate that the Warsaw Pact has a manpower advantage of about 175,000, but the East's figures indicate that the forces are essentially equal in size. Western participants, in an effort to discover the cause of the discrepancy, are seeking to get the East to submit detailed figures for major units and support forces.//*

*[redacted] //The East has proposed that figures on national forces--instead of detailed figures--be used in the discussion. The West Germans, concerned that this approach could enable the Soviets to have a voice in determining West German force levels, have been especially insistent that the West reject the East's demand.//*

*[redacted] //The West is contemplating introducing a new initiative that West German Chancellor Schmidt brought with him to Washington in July, but the proposal must first be discussed with the Allies. Schmidt also has said he wants to get Soviet President Brezhnev's views on the negotiations as part of an effort to raise the Vienna talks to a political level. Brezhnev was scheduled to visit Bonn this fall, but the date has not yet been fixed, and this has led to speculation that the visit might be put off.*

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